



# **Climate Change Proposed Scoping Plan:**

## **A Framework for Change**

October 23, 2008  
California Air Resources Board

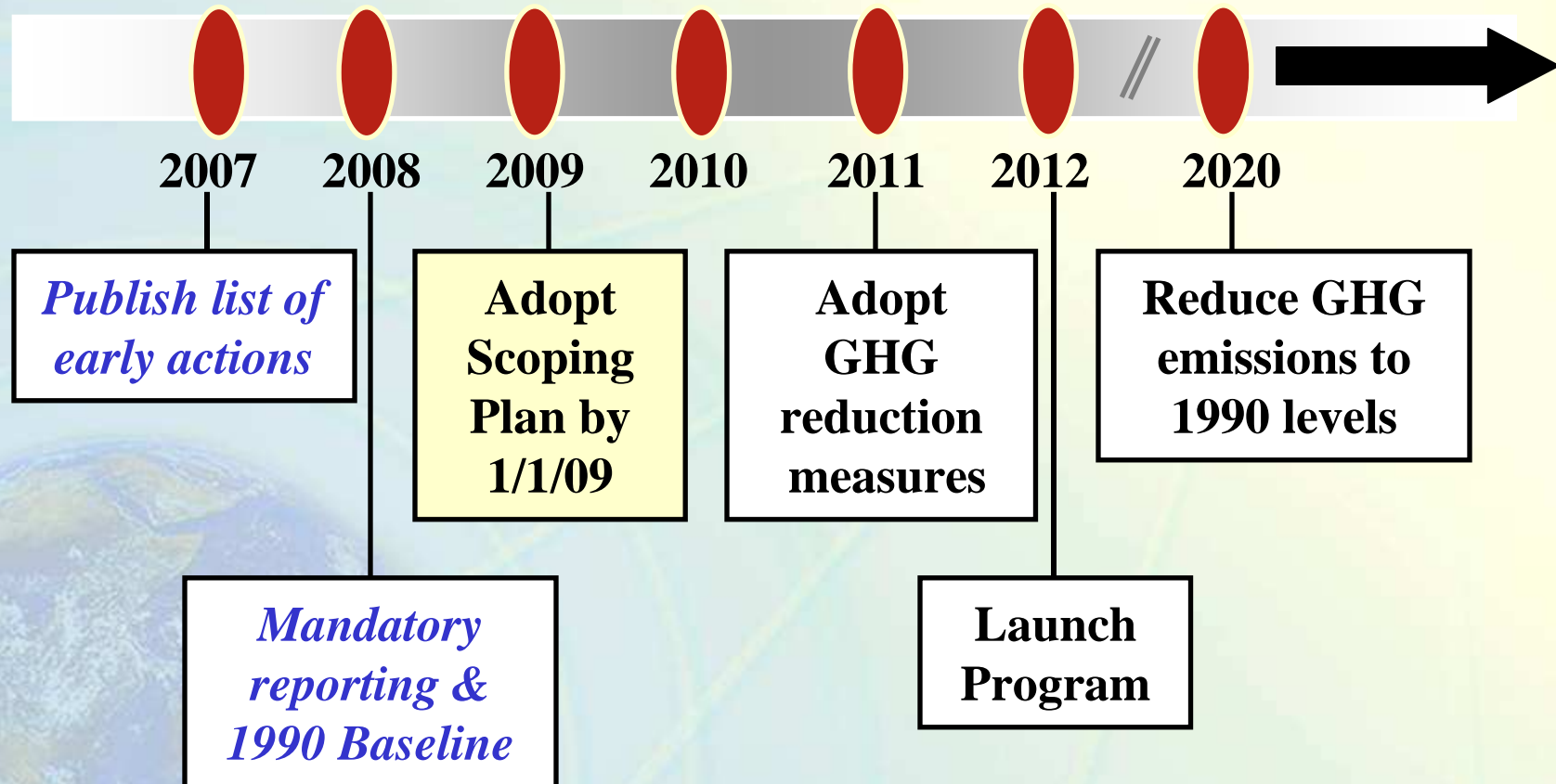
# **The Time for Action Is Now**

- Reduce California's greenhouse gas emissions to 1990 levels by 2020
- Provide a model for regional, national and international programs
- Grow the State's economy and promote investment in green technology
- Protect and improve public health

# Today's Presentation

- Proposed Scoping Plan Overview
- Major Issues
- Next Steps

# AB 32 Timeline



# Scoping Plan Development

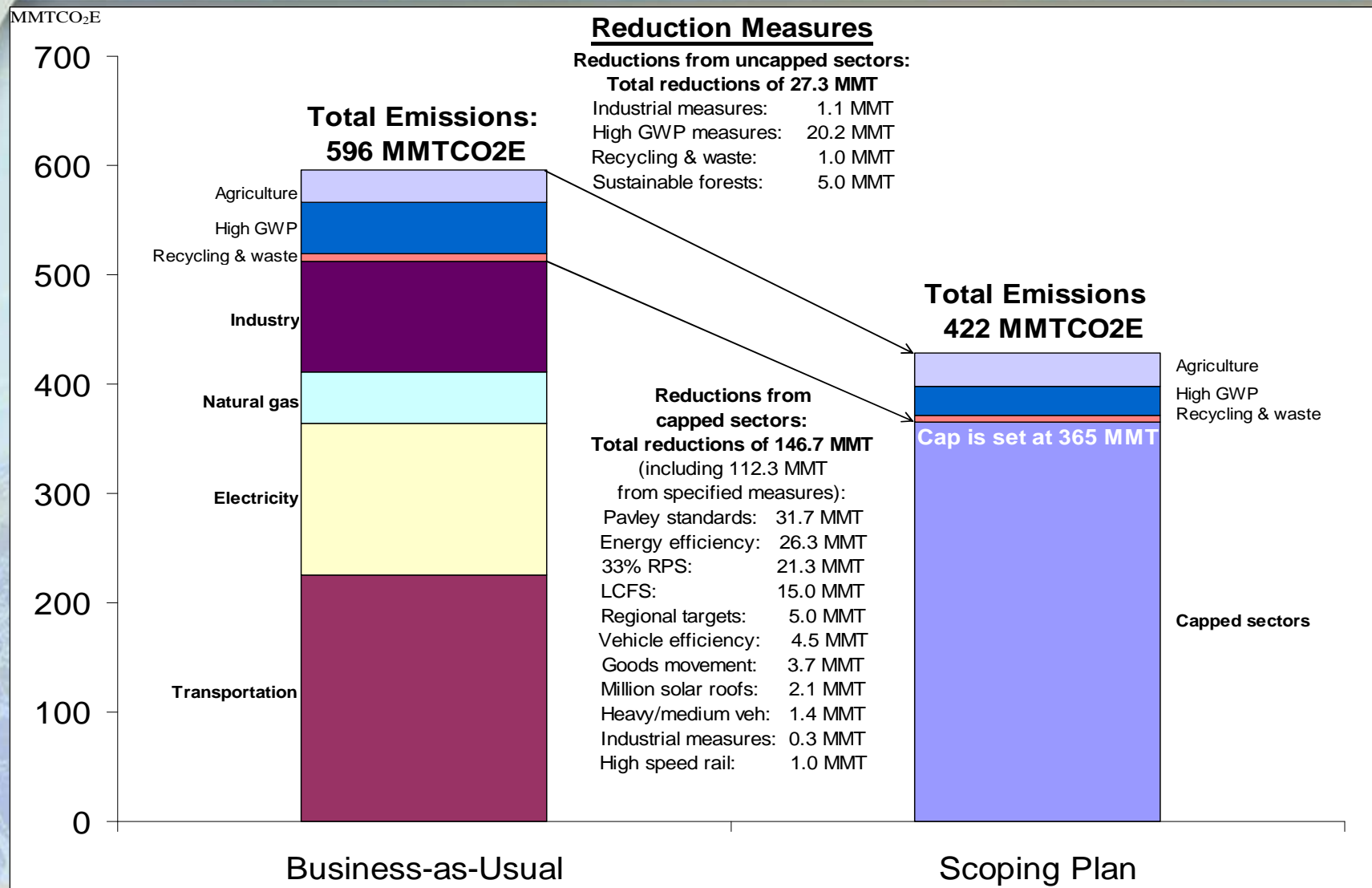
- Release Draft Scoping Plan – June '08
- Receive input
  - Workshops
  - Community meetings
  - Written comments
  - Stakeholder meetings
  - Climate Action Team
- Release Supplemental Evaluations – Sept '08
  - Workshop and comments
- Release Proposed Scoping Plan – Oct '08



# Recommendation

- Mix of strategies that combine market mechanisms, other regulations, voluntary measures, and fees
- Key elements:
  - Energy efficiency programs
  - Renewable energy
  - California cap and trade program linked to WCI
  - Targets for transportation-related emissions
  - Existing laws and policies (Pavley, LCFS, etc.)
  - Targeted fees

# California 2020 GHG Emissions and Recommended Reduction Measures



# Key Changes

- Provides a margin of safety
- Increases commitment from regional transportation-related targets
- Sets a reduction goal for local governments
- Includes 4 additional industrial measures
- Incorporates additional recycling/waste measures
- Adds a mitigation fee for high GWP materials
- Discusses reductions needed by 2030 and 2050



# Cap and Trade

- Firm cap on emissions
- California program linked to Western regional partner programs
- Electricity and industrial sectors in 2012
  - Add Transportation and Natural Gas in 2015

# Sector-Based Measures

## Capped Sectors

- **Transportation**
  - Pavley I and II, Low carbon fuel standard, Regional transportation-related targets, Light, medium and heavy-duty vehicle efficiency, High speed rail
- **Electricity/Energy**
  - Energy efficiency, 33 percent renewables, Million solar roofs
- **Industry**
  - Refinery measures, Energy efficiency audit

# Sector-Based Measures

## Uncapped Sectors

- Industry
  - Oil and gas transmission and extraction
- High Global Warming Potential Gases
  - New products, Existing banks
- Forests
  - Preserve sequestration, Encourage biomass
- Recycling and Waste
  - Landfill methane, High recycling/Zero waste
- Agriculture
  - Methane capture at large dairies (voluntary)

# Energy Savings

Reductions from Business-as-Usual in 2020

Gasoline	25%
Diesel	17%
Electricity Consumption	22%
Natural Gas*	24%

\* – uses other than electrical generation

# Economic Evaluation

- Create jobs and save households money
  - Less spent on energy means more spent on other goods, services, and products
- Position California to move toward more sustainable future
  - Energy efficiency and clean technology
- Additional evaluation during regulatory development



# Economic Evaluation

Changes from Business-as-Usual in 2020

Economic Production	↑ \$33 billion
Overall Gross State Product	↑ \$7 billion
Overall Personal Income	↑ \$16 billion
Per Capita Income	↑ \$200
Jobs	↑ 100,000

# Public Health Evaluation

- Plan will improve public health statewide
- Avoid 400 premature deaths in 2020
  - \$2.2 billion in air-quality public health benefits
- Additional benefits from local and regional transportation measures
  - Facilitate moderate physical activity
- Additional evaluation during regulatory development

## **CEQA Evaluation**

- ARB has included with the Proposed Plan its CEQA evaluation of the potential environmental impacts
- More detailed CEQA analysis will be conducted during implementation of the individual measures

# Major Issues

- Cap and Trade
- Allocation
- Offsets
- Use of Revenue
- Co-Benefits

# Cap and Trade

- How much should the Plan rely on a cap-and-trade program?
- What the Plan recommends:
  - Cap on 85 percent of emissions
  - Complementary measures to achieve cost-effective reductions while accelerating transition to low-carbon economy



# Allocation

- How should allowances be distributed?
- What the Plan recommends:
  - Minimum of 10% auction in 2012
  - Minimum of 25% auction in 2020
  - 100% auction is recommended by many groups
  - Will seek input from broad range of experts in open public process

# Offsets

- What should be the role of offsets?
- What the Plan recommends:
  - At least half of the reductions must come from capped sources
  - All offsets must meet high quality standards; no geographic limits

# Use of Revenue

- What are the best uses of revenue?
- What the Plan recommends:
  - There are many potential beneficial uses of revenue
  - Will seek input from broad range of experts in open public process as part of the design of the cap-and-trade program

# Co-Benefits

- How will the Plan improve air pollution and public health?
- What the Plan recommends:
  - Reductions in future fuel use will improve public health statewide
  - Cannot address localized environmental impacts at Plan level
  - Must consider direct, indirect, and cumulative impacts of market-based compliance mechanisms

# Moving Toward 2050

## A Clean Energy Future






## Next Steps

- *October 15, 2008*
  - *Released Proposed Scoping Plan and opened CEQA comment period*
- *October 23, 2008*
  - Update to Board
- *November 20 or 21, 2008*
  - Public Hearing to discuss Plan
- *December 11 or 12, 2008*
  - Board vote on Scoping Plan

# Scoping Plan Implementation

- Two years to adopt AB 32 measures
  - Regulatory development will follow normal public process
  - Extensive stakeholder outreach and involvement, including small business
- Implementation and enforcement critical
- Local governments, State energy agencies, the Climate Action Team, and air districts will play key role



**We owe our children and we owe our  
grandchildren. We simply must do  
everything in our power to fight global  
warming before it is too late.**

**-- Governor Arnold Schwarzenegger  
at the AB 32 signing ceremony  
September 27, 2006**